

**Example No. 5-04D**  
**Memorandum of Audit Scope and Objectives**

**CITY OF SAN JOSE - MEMORANDUM**

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TO:	Scott Johnson	FROM:	Gerald A. Silva City Auditor
SUBJECT:	MEMORANDUM OF AUDIT SCOPE AND OBJECTIVES	DATE:	March 23, 2001

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APPROVED:	DATE:
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In accordance with the City Auditor's approved 2000-01 Workplan, we have initiated A *Review of the Finance Department Accounts Receivable System Acquisition*. The scope and audit objectives are to:

- Schedule an Entrance Conference with the Auditee to inform them of the audit;
- Gather sufficient program and budget information to obtain a general understanding of the audit subject;
- Identify the component parts of the audit subject;
- Assess the potential for noncompliance, uneconomical practices, inefficient or ineffective operations for the identified program;
- Obtain from Management an understanding of their system of internal controls and how those controls prevent potential threats from occurring;
- Assess the audit organization's vulnerability to identified threats;
- Prioritize audit objectives based upon an assessment of the audit organization's vulnerability;
- Develop an audit program to test compliance with Management's internal control system by: observing operations, interviewing personnel, examining relevant data and analyzing reports and other information;
- Audit other areas that may develop during the audit, and
- Prepare an independent, objective and accurate audit report for Council review.

Gerald A. Silva  
City Auditor

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